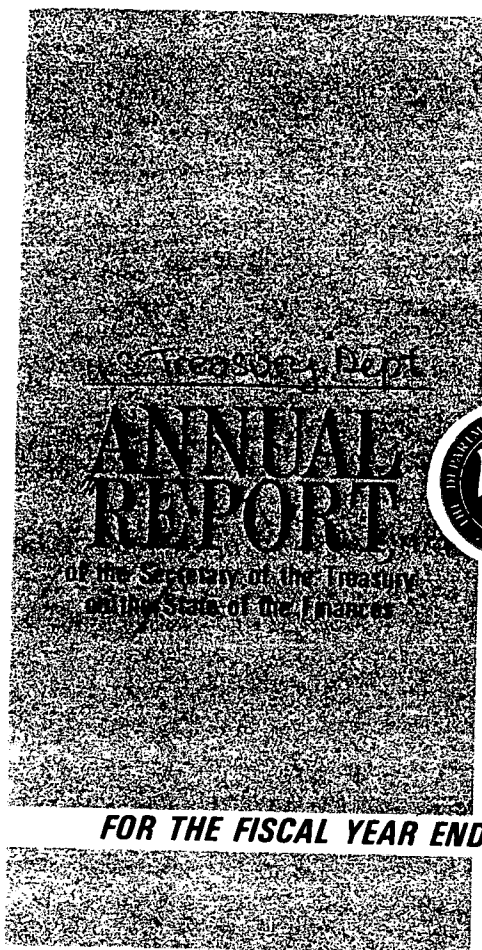


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FOR THE FISCAL YEAR ENDED JUNE 30, 1974

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DEPARTMENT OF THE TREASURY

DOCUMENT NO. 3263

Secretary



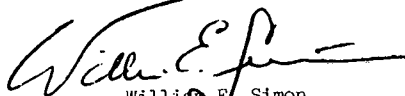
THE SECRETARY OF THE TREASURY
WASHINGTON

October 9, 1974

Dear Sirs:

I have the honor to transmit to you the annual report on the state of the finances of the United States Government for the fiscal year ended June 30, 1974. This submission is in accordance with 31 U.S.C. 1027.

Sincerely yours,


William E. Simon

President of the Senate

Speaker of the House of Representatives

U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON : 1974

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The contract compliance program has had considerable success in dealing with the industry, for minority employment has almost tripled since 1968. The Office of Federal Contract Compliance, Department of Labor, in a memorandum to heads of all agencies dated July 30, 1973, states, "... the banking industry has made large gains from 1967 to 1970, and although the rate slowed in 1971, is expected to reach full utilization in seven years."

In addition to the Washington headquarters office there are four regional locations: Atlanta, Chicago, Houston, and Los Angeles. In each of these offices there are three professional equal employment opportunity specialists conducting onsite compliance reviews. With these offices in closer proximity to financial institutions under their jurisdiction, it is anticipated that the aims of the compliance program can be realized best at the regional level.

Funds were made available to bring regional staff to Washington for a 5-day training seminar during the week of June 17, 1974. The Department of the Treasury and Office of Federal Contract Compliance policymakers participated to make clear current orders and regulations.

During the year a study of the management practices of the equal opportunity program was conducted. It is expected that implementation of the study recommendations will result in a more effective contract compliance program and improved management of the program in general.

In a continuing effort to assure that banks are complying with technical requirements, the Department receives from bank examiners of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and Federal Reserve banks reports of deficiencies found with regard to the filing of Federal equal employment opportunity reports and the availability of written affirmative action programs whenever bank examinations are conducted. Negative reports filed with the Treasury Department are handled in a manner that assures the compliance of these two aspects usually within a 30-day period without travel, special reviews, etc. This cooperative endeavor with the bank examiners of the above-mentioned group has obviated considerable expense and requirements for additional staffing.

FISCAL SERVICE

In its role of providing leadership on technological research of all kinds having potential effect on one or more major organizational units of the Fiscal Service, the Operations Planning and Research Staff proceeded with the development of the following major systems activities during the year:

(1) A method of paying recipients of all kinds of recurring Federal payments by credit to their accounts in financial organizations. Under this technique, which is optional to a recipient, payments first will be accomplished by means of individual checks drawn in favor of, and mailed to, the financial organizations selected by the recipients. Cur-

rent planning provides that in the future all of these individual payments, estimated at from 3 to 5 million initially, will be transmitted to financial organizations by way of electronic funds transfers.

(2) A system under which the flow of all paid Treasury checks will be stopped at the level of the Federal Reserve banks. This system will substitute magnetic tape and microfilm records for all of the hundreds of millions of individual checks which are now shipped by the Federal Reserve banks to the Treasury for further processing, including final payment, reconciliation, and retention for nearly 7 years. The individual paid checks held by the Federal Reserve banks under this procedure would be destroyed after an appropriate interval.

Bureau of Government Financial Operations

On January 14, 1974, Secretary Shultz announced a reorganization of the Fiscal Service effective February 1, 1974, merging complementary operating functions of the Bureau of Accounts and the Office of the Treasurer of the United States, forming a new Bureau of Government Financial Operations.

The functions of the Bureau are Government-wide in scope. It provides banking and related cash services involved in the management of the Government's cash resources; administers certain U.S. currency matters such as directing the various aspects of the issue, redemption, and custody of Treasury and Federal Reserve currency, and maintaining facilities for and overseeing the destruction of currency unfit for circulation; disburses by check, cash, or other means of payment for most Government agencies; settles claims involving loss or forgery of Treasury checks; manages the Government's central accounting and financial reporting system by drawing appropriation warrants and other funding authorizations, by maintaining a system of accounts for integrating Treasury cash and funding operations with the financial operations of disbursing and collecting officers and of Government program agencies including subsystems for the reconciliation of check and deposit transactions, and by compiling and publishing reports of budget results and other Government financial operations; provides central direction for various financial programs and practices of Government agencies; and directs a variety of other fiscal activities.

Government-wide accounting and reporting

In January 1974, a Treasury task force began a deposit-in-transit systems study. The objectives of the study are to: (1) Revise the procedures for reconciling deposit-in-transit differences; and (2) redesign the certificate of deposit forms to facilitate fuller utilization of automated techniques in processing such forms in the depositary system and in the Treasury.

The simplified intragovernmental billing and collection (SIBAC) system was implemented on July 1, 1974, for civilian Government agencies within the Treasury disbursing area. The scope of the system is presently limited to the billing and payment of training and investigative charges billed by the U.S. Civil Service Commission office located in Washington, D.C., and standard level user charges for space assignments billed by GSA, Public Buildings Service.

The Departments of Agriculture and Treasury joint task force com-